

United American Healthcare Corporation Announces Fiscal 2007 Fourth Quarter and Year-End Results

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United American Healthcare Corporation (Nasdaq: UAHC), a full-service managed care organization, today announced financial results for its fourth quarter and fiscal year ended June 30, 2007.

Revenues increased 6 percent to \$5.1 million for the fourth quarter ended June 30, 2007, compared with revenues of \$4.8 million for the fourth quarter of fiscal 2006. The Company reported a net loss in the fourth quarter of fiscal 2007 of \$1.7 million, or (\$0.19) per fully diluted share, compared with net income of \$97,000, or \$0.01 per fully diluted share, for the prior year's fourth quarter.

The decline in fourth quarter profitability is primarily attributable to nonrecurring charges totaling \$1.5 million. The charges mainly relate to a state regulatory audit of processed claims since 2002 of the Company's subsidiary, UAHC Health Plan of Tennessee, Inc. ("UAHC-TN"). The third party auditor notified UAHC-TN in late fiscal 2007 that it may have been overpaid \$1.1 million for medical claims as a result of a pricing methodology discrepancy. UAHC-TN therefore recorded a reserve of \$1.1 million in the fourth quarter of fiscal 2007. The Company also recorded a \$0.4 million charge in the same quarter based on a state regulatory determination that the State of Tennessee, doing business as TennCare, overpaid UAHC-TN that amount under a 2002 amendment to its TennCare contract.

Excluding the impact of the non-recurring charges, the Company reported a pro-forma net loss from continuing operations of \$0.1 million, or (\$.01) per fully diluted share in the fiscal 2007 fourth quarter. The quarter's profitability was further impacted by a decline in the number of UAHC-TN's TennCare enrollees and a budgeted increase in marketing and other expenses related to UAHC-TN's launch of a Medicare Advantage Special Needs Plan during the second half of fiscal 2007. As of August 2007, UAHC-TN's total membership enrollment included approximately 104,850 members, down from 113,951 members a year earlier.

"Fiscal 2007 was a period of sustained operational execution and strategic expansion, highlighted by the successful launch of our first operations as a Medicare Advantage qualified organization in January 2007," said William C. Brooks, president, chairman and CEO of United American Healthcare. "Our transition to a multi-line platform positions us to fully leverage our more than 20 years of medical management experience, established managed care infrastructure and preventive care solutions to serve low-income seniors and adults with disabilities in Shelby County, Tenn."

Brooks continued: "Entering fiscal 2008, we remain committed to building on our base as a provider of quality care solutions. As before, our team is focused on improving operational efficiency, containing medical costs, enhancing the size and scope of our provider network and, most importantly, accelerating enrollment within our Medicare Advantage Special Needs Plan. While our Medicaid business remains a core component of UAHC-TN's long-term operating model, our recently launched Medicare Advantage Special Needs Plan represents a key catalyst for growth in the coming years, particularly as we seek to diversify our revenue stream into higher-margin market opportunities."

For the fiscal year ended June 30, 2007, revenues were unchanged at \$18.1 million compared to revenues of \$18.1 million in fiscal 2006. The Company reported a net loss in fiscal 2007 of \$1.1 million, or (\$0.14) per fully diluted share, compared with net income of \$1.4 million, or \$0.18 per fully diluted share, in fiscal 2006. The decrease in year-over-year profitability is primary attributable to the nonrecurring charges of \$1.5 million and the budgeted increase in marketing and other expenses related to UAHC-TN's launch of a Medicare Advantage Special Needs Plan ("MA-SNP") during the second half of fiscal 2007, in addition to a year-over-year decline in the number of UAHC-TN's TennCare enrollees.

Variable administrative fees resulting from additional revenue based on UAHC-TN's performance under TennCare's modified risk arrangement ("MRA") were \$0.5 million for the fiscal year ended June 30, 2007, compared to \$0.4 million for the fiscal year ended June 30, 2006. The \$0.5 million additional MRA revenue received in fiscal 2007 relates to the fourth quarter of fiscal 2006. UAHC-TN received notice from TennCare that it earned additional MRA revenue of \$0.2 million, \$0.2 million and \$0.5 million, respectively, for its performance for the first, second and fourth quarters of fiscal 2006. Such additional revenue has been recorded. UAHC-TN expects earn additional MRA revenues for the third quarter of fiscal 2006 and additional MRA revenues for fiscal 2007. The Company will record such and any other additional MRA earnings only upon receipt of final notification thereof from TennCare.

"Although our fiscal 2007 financial performance was adversely affected by increased start-up costs associated with the Special

Needs Plan, we believe this initial investment is both a necessary and prudent use of capital, particularly as we seek to grow enrollment within UAHC Gold Plus, our branded MA-SNP," continued Brooks. "Importantly, our MA-SNP enrollment growth accelerated during July and August above the levels in the first six months of the plan, a positive result of our focused efforts on the sales and marketing front. As of August 17, 2007, UAHC-TN's total MA-SNP enrollment included approximately 591 members."

MA-SNP medical premiums revenues were \$0.9 million in fiscal 2007 under UAHC-TN's contract with CMS which became effective January 1, 2007. The percentage of such medical expenses to medical premiums revenues for the MA- SNP - the medical loss ratio ("MLR") - was 90% for the fiscal year ended June 30, 2007.

As of June 30, 2007, United American Healthcare reported cash, cash equivalents and short-term marketable securities of \$14.2 million, compared to \$6.9 million as of June 30, 2006. The Company remains debt-free.

"While measurable progress has been made in the first six months of our Special Needs Plan, we continue to focus on the long-term growth prospects evident in our multi-line model," said Stephen Harris, executive vice president and CFO of United American Healthcare. "While fiscal 2007 profitability was negatively impacted by non-recurring charges taken in the fiscal fourth quarter, our Company remains financially sound entering fiscal 2008, as illustrated by our ample liquidity and unleveraged capital structure. Looking ahead, we believe our efforts to enhance operational efficiencies, grow enrollment and develop key strategic partnerships will serve to benefit our members and shareholders alike, over the long-term."

Fiscal 2007 Fourth Quarter and Year-End Conference Call

United American Healthcare Corporation will host a conference call at 4:30 p.m., Eastern time, today to discuss these results and current business trends. To access the live conference call, please dial (877) 502-9274 and provide the conference passcode 8646134. A replay of the call will be available through September 19, 2007. To access the replay, please call (888) 203-1112 and provide the conference passcode 8646134.

About United American Healthcare Corporation

United American Healthcare Corporation (UAHC) is a full-service healthcare management company, pioneering the delivery of healthcare services to Medicaid recipients since 1985. UAHC owns and manages UAHC Health Plan, which is based in western Tennessee and includes the Memphis market. UAHC provides access to more than 900 primary and specialty care physicians and more than 19 hospitals for the members of UAHC Health Plan. For more information, please visit the Company's web site at www.uahc.com.

United American Healthcare Corporation Safe Harbor Statement

Forward-looking statements by United American Healthcare Corporation, including those in this announcement, involve known and unknown risks, which may cause actual results and corporate developments to differ materially from those expected. Factors that could cause results and developments to differ materially from expectations include, without limitation, the effects of state and federal regulations, the effects of acquisitions and divestitures, and other risks described from time to time in each of United American Healthcare's SEC reports, including quarterly reports on Form 10-Q, annual reports on Form 10-K, and reports on Form 8-K.

United American Healthcare Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except per share data)

	Year ended June 30,		
	2007	2006	2005
Revenues			
Fixed administrative fees	\$ 15,543	\$ 16,628	\$ 20,916
Variable administrative fees	502	361	-
Medical premiums	921	-	23
Interest and other income	1,099	1,125	1,140
Total revenues	18,065	18,114	22,079
Expenses			
Medical services	891	-	23
Marketing, general and administrative	16,580	16,472	15,742
Depreciation and amortization	122	128	177

Interest expense	-	-	8
Contingency and commitments	1,526	-	-
Total expenses	19,119	16,600	15,950
Earnings (loss) from continuing operations before income taxes	(1,054)	1,514	6,129
Income tax expense	63	141	655
Earnings (loss) from continuing operations	(1,117)	1,373	5,474
Discontinued operations			
Loss from discontinued operations	-	-	(129)
Net earnings (loss)	\$ (1,117)	\$ 1,373	\$ 5,345
Net earnings per common share - basic			
Earnings (loss) from continuing operations	(0.14)	0.18	0.74
Loss from discontinued operations	-	-	(0.02)
Net earnings (loss) per common share	\$ (0.14)	\$ 0.18	\$ 0.72
Weighted average shares outstanding	8,103	7,478	7,425
Net earnings per common share - diluted			
Earnings (loss) from continuing operations	(0.14)	0.18	0.71
Loss from discontinued operations	-	-	(0.02)
Net earnings (loss) per common share	\$ (0.14)	\$ 0.18	\$ 0.69
Weighted average shares outstanding	8,103	7,628	7,674

United American Healthcare Corporation and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30,	
	2007	2006
Assets		
Current assets		
Current assets		
Cash and cash equivalents	\$ 8,932	\$ 4,316
Marketable securities	5,296	2,605
Accounts receivable - State of Tennessee, net	1,455	1,463
Interest receivable	578	301
Other receivables	455	83
Prepaid expenses and other	511	265
Deferred income taxes	1,950	1,950
Total current assets	19,177	10,983
Property and equipment, net	357	142
Goodwill	3,452	3,452
Marketable securities	7,475	7,342
Restricted assets	2,721	2,721
Other assets	586	586
	\$ 33,768	\$ 25,226
Liabilities and Shareholders' Equity		
Current liabilities		
Medical claims payable	\$ 576	\$ 156
Accounts payable and accrued expenses	3,142	920
Accrued compensation and related benefits	896	732
Accrued rent	135	244
Unearned revenue	279	-
Other current liabilities	1,099	1,124
Total current liabilities	6,127	3,176

Total liabilities	6,127	3,176
Shareholders' equity		
Preferred stock, 5,000,000 shares authorized; none issued	-	-
Common stock, no par, 15,000,000 shares authorized; 8,588,211 and 7,527,023 shares issued and outstanding at June 30, 2007 and June 30, 2006, respectively	18,327	12,541
Paid in capital - stock options	607	259
Warrants	444	-
Retained earnings	8,303	9,420
Accumulated other comprehensive loss, net of deferred federal income taxes	(40)	(170)
Total shareholders' equity	27,641	22,050
	\$ 33,768	\$ 25,226

SOURCE United American Healthcare Corporation

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